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**LAC-IEE-12-73**

## **ENVIRONMENTAL THRESHOLD DECISION**

<b>Activity Location:</b>	Paraguay
<b>Activity Title:</b>	Paraguay Border Region Stabilization and Security Partnership
<b>Activity Number:</b>	AID-526-A-10-00001
<b>Life-of-Activity Funding:</b>	\$5,016,000
<b>Life-of-Activity:</b>	10 January 2010 – 01 March 2014
<b>IEE prepared by:</b>	Elisa Zogbi, Alternate AOR, USAID/Paraguay
<b>Reference ETDs:</b>	LAC-IEE-10-18
<b>Recommended Threshold Decision:</b>	Categorical Exclusion Negative Determination with Conditions
<b>Bureau Threshold Decision:</b>	Categorical Exclusion Negative Determination with Conditions Deferral (for timber and non-timber forest products value chains)

### **Comments:**

This Environmental Threshold Decision amends LAC-IEE-10-18 to incorporate the changes to the Award approved by the Modification No. 4, as follows:

- Increase the total estimated amount by \$850,000, from \$4,166,000.00 to \$5,016,000.00;
- Extend the agreement performance date from March 2, 2012 to March 1, 2014;

- Update Program Description;

A **Categorical Exclusion** is issued to the USAID/ Paraguay Border Region Stabilization and Security Partnership to Objective 1 and Objective 2 activities involving training and technical assistance, and capacity building to support efforts principally related to increasing incomes and employment. The categorical exclusion applies only to activities listed in 22 CFR 216.2(c)(2), including:

- (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.); ...
- (iii) Analyses, studies, academic or research workshops and meetings; ...
- (v) Document and information transfers; ... [and]
- (xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning , except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc).

A **Negative Determination with Conditions** is issued to Paraguay Border Region Stabilization and Security Partnership activities specific components under:

- **OBJECTIVE 1: STRENGTHEN LOCAL GOVERNANCE IN VOLATILE AREAS** activities including small infrastructure or community support projects to support efforts principally with regards to improving support for democracy; and
- **OBJECTIVE 2: ENSURE ECONOMIC SECURITY** activities including those relating to constructing or improving new or existing products handling, packaging, and transportation to support efforts principally with regards to increasing incomes and employment.

Conditions include:

- All services should be designed and carried out taking into consideration environmental criteria as set forth in local Paraguayan legislation and regulations. These include:
  - Resolution S.G. N548/96 of the National Environmental Sanitation Service (SENASA) establishing technical norms for managing solid waste, and
  - Technical Specifications and Circumstances for the Construction of Rural Roads (Rural Roads Manual, Volume 7) of the Ministry of Public Works and Communication.



- These services will also comply with the applicable section of Law 294/1993 on Environmental Impact Evaluations and its corresponding Regulatory Decree 14281/1996, of the Environment Secretary (SEAM); and the applicable sections of the Forestry Law 422/1973 and its Regulatory Decrees 11681/1975 and 18831/1986, of the National Forestry Institute (INFONA).
- Additional design considerations will be used found in USAID's "Environmental Guidelines for Development Activities in Latin America and the Caribbean", specifically the following sections:
  - Chapter 2, Small Scale Infrastructure, sub-chapters A. Construction activities and B. Water and Sanitation;
  - Chapter 3, Rehabilitation of Rural Roads;
  - Chapter 4, Environmental Issues and Best Practices for Microfinance Institutions and Micro and Small-Scale Enterprises
  - Chapter 5, Solid Waste Management.
  - Chapter 8, Agriculture and Watershed Management
- USAID's "Environmental Guidelines for Development Activities in Latin America and the Caribbean" in English *and* Spanish can be found at - [http://transition.usaid.gov/locations/latin\\_america\\_caribbean/environment/docs/epiq/epiq.html](http://transition.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html)
- The Implementing Partner(s) will develop specific environmental guidelines for each of the value chains supported by the project based on the above, local experience and resources. Note tha the timber and non-timber forest products value chain is issued a deferral. Copies will be circulated to the MEO, REA, and BEO.
- Environmental guidelines for small municipal water, sanitation, or other public works projects that go beyond USAID LAC Environmental Guidelines must be developed by the contractors and grantees, and approved by USAID/Paraguay MEO, Regional Environmental Advisor (REA) and Bureau Environmental Officer (BEO) in an through an IEE amendment before the implementation of such projects.
- Any activities that may cause significant adverse environmental impacts will require an Environmental Assessment and the necessary approval of the REA and BEO.
- Contractors and grantees should provide appropriate training to the local governments implementing the projects in both complying with and carrying out the applicable environmental regulations.
- Services should include an appropriate monitoring system to assure the compliance with applicable local environmental regulations.

- Environmental considerations and criteria for services will be included in all contractual documents.
- All potential business initiatives will be evaluated against the attached checklist (Ref. Attachment A), Criteria for which types of business the program will support (Checklist).
- All program activities will undergo site-specific environmental analysis using the attached format (Spanish: *Ficha de Revisión Ambiental*). Implementing partners will complete this analysis and submit it to the COR/AOR, Mission Environmental Officer (MEO) and Regional Environmental Advisor (REA) for approval before implementation of the activity. Implementing partners will have the environmental expertise and capability to conduct this analysis and carry out its recommendations.

A **Deferral** is issued to Paraguay Border Region Stabilization and Security Partnership for the support of timber and non-timber forest products value chains until these activities and their potential impacts are defined in more detail. Forestry management activities may require a Positive Determination and Environmental Assessment.

#### Responsibilities

- Each activity manager or Contracting/Agreement Officer Representative (COR/AOR) is responsible for making sure environmental conditions are met (ADS 204.3.4). In addition, COR/AORs are responsible for ensuring that appropriate environmental guidelines are followed, mitigation measures in the IEE and EA are funded and implemented, and that adequate monitoring and evaluation protocols are in place to ensure implementation of mitigation measures.
- It is the responsibility of the Development Objective (DO) Team to ensure that environmental compliance language from the ETD is added to procurement and obligating documents, such as activity-related Strategic Objective Grant Agreements (SOAGs) and Modified Acquisition and Assistance Request Documents (MAARDs).
- The Mission Environmental Officer will conduct spot checks to ensure conditions in the EA and ETD are met. These evaluations will review whether guidelines are properly used to implement activities under this ETD in an environmentally sound and sustainable manner according to USAID and applicable U.S. Government policies and regulations.
- The implementing contractor or partner will ensure that all activities conducted under this instrument comply with the ETD. Also, through its regular reporting requirements, a section on environmental compliance (e.g. mitigation monitoring results) will be included.

#### Amendments



- Amendments to Initial Environmental Examinations (IEE) shall be submitted for LAC Bureau Environmental Officer (BEO) approval for any activities not specifically covered in the IEE, which include:
  - Funding level increase beyond ETD amount,
  - Time period extension beyond ETD dates (even for no cost extension), or
  - A change in the scope of work, such as the use of pesticides or activities subject to Foreign Assistance Act sections 118 and 119 (e.g. procurement of logging equipment), among others.
- Amendments to IEEs include Environmental Assessments (EA or PEA) and approval of these documents by the LAC BEO could require an annual evaluation for environmental compliance.

*Victor H. Bullen*

Date *09-27-2012*

Victor H. Bullen  
Bureau Environmental Officer  
Bureau for Latin America & the Caribbean

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IEE File

**Attachments:**

- Initial Environmental Examination amendment

File: P:\LAC.RSD.PUB\RSDPUB\ENV\Reg 216\IEE\IEE12\ LAC-IEE-12-73 ETD (PA – Border Region Stabilization Security Partnership, amend LAC-IEE-10-18).doc



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### AMENDED INITIAL ENVIRONMENTAL EXAMINATION

**Activity Location** : Paraguay

**Strategic Objective Title** : Paraguay Border Region Stabilization and Security Partnership

**Activity Number** : AID-526-A-10-00001

**Life-of-Activity Funding** : \$5,016,000.00 through USAID

**Life of Strategic Objective** : January 10, 2010 – March 1, 2014

**IEE Prepared by** : Elisa Zogbi, Alternate AOTR  
USAID/Paraguay

**Reference ETD** : LAC-IEE-10-18

**Recommended Threshold Decisions:** Categorical Exclusion  
Negative Determination with Conditions

**Date Prepared** : September 21, 2012.

#### 1. Purpose and Scope of the IEE

The referenced IEE/ETD of the Cooperative Agreement AID-526-A-10-00001 Paraguay Border Region Stabilization and Security Partnership, implemented by ACDI/VOCA, stated the following condition:

- Amendments to IEE shall be submitted for LAC Bureau Environmental Officer (BEO) approval for any activities not specifically covered in the IEE, which include, but are not limited to:
  - Funding level increase beyond ETD amount,
  - Time period extension beyond ETD dates (even for no cost extension), or
  - A change in the scope of work, such as the use of pesticides or activities subject to Foreign Assistance Act sections 118 and 119 (e.g. procurement of logging equipment), among others.



The purpose of this Initial Environmental Evaluation (IEE) is to amend LAC-IEE-10-18 issued January 20, 2010, in order to incorporate the changes to the Award approved by the Modification No. 4, as follows:

- Increase the total estimated amount by \$850,000, from \$4,166,000.00 to \$5,016,000.00;
- Extend the agreement performance date from March 2, 2012 to March 1, 2014;
- Update Program Description;

Other than these changes, all other conditions and responsibilities in the existing ETD stay the same.

## **2. Activity Description**

### **BACKGROUND AND PROBLEM STATEMENT**

Extreme poverty and the lack of viable economic opportunities in the four targeted departments of northeastern Paraguay compel many rural families in the area to engage in illegal activities to generate income, while constraints and limitations of existing and promising value chains curtail their potential to contribute to a licit economy. At the same time, producer organizations lack the capacity to promote economic activities that would enable members to produce at the quality- and quantity-levels demanded by the local, regional and export markets.

Local governments are frequently perceived as weak and ineffective because they are not able to adequately respond to the demands for public services in rural communities. Due to these unmet needs for health, education, transport and other basic services, and the lack of viable productive opportunities, many families live in dire conditions, ultimately turning to contraband, drug production and/or trafficking and related criminal activities to improve their livelihoods.

While the NZI program has made great progress towards mitigating these problems, additional support is required to address the most pressing social and economic needs and thereby help avert more serious developments.

### **GOAL AND OBJECTIVES**

This expanded program description will maintain its focus on the original goal of the Northern Zone Initiative (NZI): to help establish a new level of stability, mainly although not exclusively in the Canindeyú, Amambay, Concepción and San Pedro departments of north and eastern Paraguay to reduce the level of violence and criminal activity during Paraguay's transition from de facto one-party rule to multiparty democracy. To achieve this goal, the recipient will implement the program with the following objectives:

1. Strengthen local governance through the provision of technical and financial assistance to at least 15 additional municipalities in order to address governance weak points, respond to citizen priorities and improve service provision; and
2. Ensure economic security through the provision of licit alternatives for generating income to poor rural *campesinos* and ensuring that the developments made are not undermined by the root causes of instability.

## PROPOSED INTERVENTIONS

### OBJECTIVE 1: STRENGTHEN LOCAL GOVERNANCE IN VOLATILE AREAS

The recipient's strategy for the expansion period will continue the application of an integrated and participatory approach to local development to strengthen local governance and enhance citizen participation, to provide capacity-building support to local governments and civil society.

Building on work done with municipal officials and community leaders during the first phase of the NZI program, the recipient will facilitate the rapid development and implementation of Community Development Plans in selected communities.

The development and implementation of community Development plans will go hand-in-hand with the provision of comprehensive yet flexible capacity-building to municipalities combining experiential training with the development of Municipal Development Plans. Community development plans will vary community-by-community, depending on local needs and priorities. As an example, urbanized areas may include more public facilities among the priorities, while rural areas might include more farm-related facilities, such as storage facilities and warehouse receipt systems.

In order to strengthen local governance and enhance citizen participation, the recipient will use its proven *community-driven development* (CDD) approach to provide capacity-building support to local governments and civil society. In addition to co-financing infrastructure, the program will combine practical learning-by-doing experiences with formal training and technical assistance so that municipalities, working together with their constituencies, can address prioritized development needs and generate licit employment.

### OBJECTIVE 2: ENSURE ECONOMIC SECURITY

Based on the value chain mapping exercises conducted during the first phase of implementation, the recipient will continue to work closely with producer organizations and the other actors that supply technical, business and financial inputs and services along the selected value chains to improve their efficiency, effectiveness and competitiveness. Given the limited funding level, it is anticipated that the recipient will not be working directly at the producer level, but rather with cooperatives and technical



assistance providers at a higher level as a strategy for reaching a broader number of beneficiaries.

The recipient will continue to address certain constraints and opportunities for impact enhancement among value chains targeted by communities, including banana, dairy, fresh fruits, sesame, manioc, honey, corn, and fish. Work with rice, sugar and citrus products is not contemplated because it requires additional approvals.

The recipient will also maintain a focus on the value chains that require greater level of effort, but for which there will be sufficient time and effort available to for enhancement within the life of program. Potential value chains are expected to include honey, oregano, green pepper, potatoes (regular and sweet), corn, manioc, mint, carrot, strawberry, garlic, beans, coffee, onion, lemon, and pineapple.

For value chains that either have substantial ongoing private sector funding or require long-term development beyond the life of program, some training and technical/financial assistance may be provided as required or in conjunction with that provided for other value chains. These value chains may include wheat, stevia, yerba mate, livestock (cattle, pigs, horses, sheep and goats), sunflower, sorghum, timber and non-timber forest products, palm hearts, tobacco, tartago, and pepper.

Training to producers and organizations will enhance their ability to better engage with private sector companies and ensure these businesses that they producers are uses best-practices in the industry. This strategy will further improve trust between the stakeholders will providing a viable alternative to illicit activities for those who are vulnerable.

Small productive infrastructure, including cableways, post-harvest, and processing facilities, storage and warehousing capacity and market centers, may also be co-funded by the program. In conjunction with governance activities, the recipient may also increase market access for smallholder producers and entrepreneurs.

### **3. Regulation 216 Recommendations:**

Based on the above narrative, USAID/Paraguay recommends:

**Categorical Exclusion, pursuant to 22 CFR 216.2(c)(2),** for specific project components under:

- **OBJECTIVE 1: STRENGTHEN LOCAL GOVERNANCE IN VOLATILE AREAS** activities including training and technical assistance to support efforts principally with regards to improving local governance; and
- **OBJECTIVE 2: ENSURE ECONOMIC SECURITY** activities including training and technical assistance to support efforts principally with regards to increasing incomes and employment.

Pursuant to 22 CFR 216.2(c)(2)(i) (iii), (v) and (xiv), which state that a categorical exclusion is recommended for all activities which involve:

- (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);
- (iii) Analyses, studies, academic or research workshops and meetings;
- (v) Document and information transfers;
- (xiv) Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning , except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc).

**Negative Determination with Conditions** for elements with potential negative impacts on the natural environment. For specific components under:

- **OBJECTIVE 1: STRENGTHEN LOCAL GOVERNANCE IN VOLATILE AREAS** activities including small infrastructure or community support projects to support efforts principally with regards to improving support for democracy; and
- **OBJECTIVE 2: ENSURE ECONOMIC SECURITY** activities including those relating to constructing or improving new or existing products handling, packaging, and transportation to support efforts principally with regards to increasing incomes and employment.

Conditions for above-mentioned activities:

1. All services should be designed and carried out taking into consideration environmental criteria as set forth in local Paraguayan legislation and regulations. These include:
  - a. Resolution S.G. N548/96 of the National Environmental Sanitation Service (SENASA) establishing technical norms for managing solid waste, and
  - b. Technical Specifications and Circumstances for the Construction of Rural Roads (Rural Roads Manual, Volume 7) of the Ministry of Public Works and Communication.
2. These services will also comply with the applicable section of Law 294/1993 on Environmental Impact Evaluations and its corresponding Regulatory Decree 14281/1996, of the Environment Secretary (SEAM); and the applicable sections of the Forestry Law 422/1973 and its Regulatory Decrees 11681/1975 and 18831/1986, of the National Forestry Institute (INFONA).
3. Additional design considerations are found in USAID's "Environmental Guidelines for Development Activities in Latin America and the Caribbean", specifically the following sections:



- Chapter 2, Small Scale Infrastructure, sub-chapters A. Construction activities and B. Water and sanitation;
- Chapter 3, Rehabilitation of rural roads;
- Chapter 5, Solid waste management.
- Chapter 8, Agriculture and Watershed Management

USAID's "environmental guidelines" in English can be found at - [www.usaid.gov/locations/latin\\_america\\_caribbean/environment/docs/epiq/epiq.html](http://www.usaid.gov/locations/latin_america_caribbean/environment/docs/epiq/epiq.html) ) for the sector involved. Guidelines in Spanish are located at: [http://ecuador.usaid.gov/portal/component/option,com\\_docman/task\\_cat\\_view/gid,61/Itemid,160/](http://ecuador.usaid.gov/portal/component/option,com_docman/task_cat_view/gid,61/Itemid,160/)

4. Environmental guidelines for small municipal water, sanitation, or other public works projects that go beyond USAID LAC Environmental Guidelines must be developed by the contractors and grantees, and approved by USAID/Paraguay MEO before the implementation of such projects.
5. Contractors and grantees should provide appropriate training to the local governments implementing the projects in both complying with and carrying out the applicable environmental regulations.
6. Services should include an appropriate monitoring system to assure the compliance with applicable local environmental regulations.
7. Environmental considerations and criteria for services will be included in all contractual documents.

All potential business initiatives will be evaluated against the attached checklist (Ref. Attachment A), Criteria for which types of business the program will support (Checklist).

All program activities will undergo site-specific environmental analysis using the attached format (Spanish: *Ficha de Revisión Ambiental*).

#### Responsibilities:

- Each activity manager or Cognizant Technical Officer (CTO) is responsible for making sure environmental conditions are met (ADS 204.3.4). In addition, CTOs are responsible for ensuring that appropriate environmental guidelines are followed, mitigation measures in the IEE and EA are funded and implemented, and that adequate monitoring and evaluation protocols are in place to ensure implementation of mitigation measures.
- It is the responsibility of the Development Objective (DO) Team to ensure that environmental compliance language from the ETD is added to procurement

and obligating documents, such as activity-related Strategic Objective Grant Agreements (SOAGs) and Modified Acquisition and Assistance Request Documents (MAARDs).

- The Mission Environmental Officer will conduct spot checks to ensure conditions in the EA and ETD are met. These evaluations will review whether guidelines are properly used to implement activities under this ETD in an environmentally sound and sustainable manner according to USAID and applicable U.S. Government policies and regulations.
- The implementing contractor or partner will ensure that all activities conducted under this instrument comply with the ETD. Also, through its regular reporting requirements, a section on environmental compliance (e.g. mitigation monitoring results) will be included.

#### Amendments

- Amendments to IEE shall be submitted for LAC Bureau Environmental Officer (BEO) approval for any activities not specifically covered in the IEE, which include, but are not limited to:
  - Funding level increase beyond ETD amount,
  - Time period extension beyond ETD dates (even for no cost extension), or
  - A change in the scope of work, such as the use of pesticides or activities subject to Foreign Assistance Act sections 118 and 119 (e.g. procurement of logging equipment), among others.
- Amendments to IEEs that include Environmental Assessments (EA or PEA) and approval of these documents by the LAC BEO could require an annual evaluation for environmental compliance.

#### Concurrence:

\_\_\_\_\_  
Steven Hendrix  
USAID/Paraguay Mission Director

#### Mission Clearance:

SZavala, MEO: \_\_\_\_\_

EZogbi, DEMO: \_\_\_\_\_


DManning, PO: \_\_\_\_\_

#### Regional Environmental Advisor Clearance:

Jason Girard, South America \_\_\_\_\_



Concurrence:

  
Steven Hendrix  
USAID/Paraguay Mission Director

Mission Clearance:


SZavala, MEO: by email 9/25/12

EZogbi, DEMO: by email 9/27/12

DManning, PO: D.J. 9/29/12

Regional Environmental Advisor Clearance:

Jason Girard, South America

 9/26/2012

